UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

DATATREASURY CORP. Plaintiff, v. WELLS FARGO & COMPANY, et al., Defendants.	2-06-CV-72 (DF) **Jury Demand**

ANSWER AND COUNTERCLAIMS OF DEFENDANT THE CLEARING HOUSE PAYMENTS COMPANY L.L.C.

Defendant The Clearing House Payments Company L.L.C. ("TCH"), for itself and as the successor in interest to The Small Value Payments Company, L.L.C. ("SVPCo"), by and through its undersigned attorneys, answers the First Amended Complaint of Plaintiff DataTreasury Corporation ("DT") as follows:

FIRST DEFENSE

1.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 1.

2.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 2.

3.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 3.

4.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 4.

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5. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 5.

6. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 6.

7. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 7.

8. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 8.

9. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 9.

10. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 10.

11. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 11.

12. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 12.

13. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 13.

14. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 14.

15. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 15.

16. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 16.

17. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 17.

18. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 18.

19. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 19.

20. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 20.

21. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 21.

22. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 22.

23. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 23.

24. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 24.

25. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 25.

26. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 26.

27. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 27.

28. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 28.

29. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 29.

30. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 30.

31. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 31.

32. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 32.

33. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 33.

34. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 34.

35. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 35.

36. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 36.

37. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 37.

38.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 38.

39.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 39.

40.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 40.

41.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 41.

42.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 42.

43.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 43.

44.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 44.

45.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 45.

46.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 46.

47.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 47.

48.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 48.

49.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 49.

50.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 50.

51.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 51.

52.TCH denies the allegations in paragraph 52, except admits that DT brought an action in this Court entitled DataTreasury Corp. v. Small Value Payments Company, 2:04:CV-85 (DF), naming as the defendant The Small Value Payments Company L.L.C., which no longer exists, and that that action has been consolidated with this action.

53.TCH denies the allegations in paragraph 53, except admits that TCH is a Delaware Limited Liability company with its principal place of business at 100 Broad Street, New York, NY.

54.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 54, except denies that MagTek, Inc. presently is a defendant in this action.

55.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 55.

56.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 56.

57.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 57.

58.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 58.

59.TCH admits that DT purports to bring this action under the patent laws of the United States, set forth in Title 35 of the United States Code. TCH denies the remaining allegations in paragraph 59.

60.TCH denies the allegations in paragraph 60 insofar as they concern TCH or the former SVPCo and denies knowledge or information sufficient to form a belief as to the truth of the allegations in that paragraph concerning other defendants.

61.TCH denies the allegations in paragraph 61 insofar as they concern TCH or the former SVPCo and denies knowledge or information sufficient to form a belief as to the truth of the allegations in that paragraph concerning other defendants.

62.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in the first sentence in paragraph 62, except admits that DT refers to the entities listed in paragraph 62 collectively as the "Viewpointe Defendant Group" in its Complaint.

63.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 63.

64.TCH denies the allegations in paragraph 64, except admits that Bank of America, National Association; The Bank of New York; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Branch Banking and Trust Company; Deutsche Bank Trust Company Americas; First-Citizens Bank & Trust Company; HSBC Bank USA, National Association; KeyBank National Association; LaSalle Bank National Association; Manufacturers and Traders Trust Company (named in the Complaint as "M&T Bank"); National City Bank; PNC Bank, National Association; U.S. Bank National Association; Wachovia Bank, National Association; and Wells

Fargo Bank, National Association are Members (having an ownership interest) of and users of services provided by TCH; admits that Union Bank of California, National Association is a non-Member user of services provided by TCH; and admits that DT refers to the entities listed in paragraph 64 collectively as the "SVPCo/Clearing House Defendant Group" in its Complaint.

65.TCH denies the allegations in paragraph 65, except admits the allegations in the second sentence of paragraph 65.

66.TCH denies the allegations in paragraph 66, except admits that United States Patent No. 5,910,988 (the "'988 patent") issued on June 8, 1999, and identifies Claudio R. Ballard as the purported inventor.

67.TCH denies the allegations in paragraph 67, except admits that United States Patent No. 6,032,137 (the "'137 patent") issued on February 29, 2000, and identifies Claudio R. Ballard as the purported inventor.

68.TCH denies knowledge sufficient to form a belief as to the allegations in paragraph 68, except admits that United States Patent No. 5,265,007 (the "'007 patent") issued on November 23, 1993, and identifies John L. Barnhard, Jr., Thomas K. Bowen, Terry L. Geer, and John W. Libersbach as the purported inventors.

69.TCH denies knowledge sufficient to form a belief as to the allegations in paragraph 69, except admits that United States Patent No. 5,583,759 (the "'759 patent") issued on December 10, 1996, and identifies Terry L. Geer as the purported inventor.

70.TCH denies knowledge sufficient to form a belief as to the allegations in paragraph 70, except admits that United States Patent No. 5,717,868 ("the '868 patent") issued on February 10, 1998, and identifies David L. James as the purported inventor.

71. TCH denies knowledge sufficient to form a belief as to the allegations in paragraph 71, except admits that United States Patent No. 5,930,778 (the "'778 patent") issued on July 27, 1999, and identifies Terry L. Geer as the purported inventor.

72. TCH denies the allegations in paragraph 72.

73. TCH denies the allegations in paragraph 73 to the extent that they relate to TCH or the former SVPCo and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 73.

74. TCH denies the allegations in paragraph 74 to the extent that they relate to TCH or the former SVPCo and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 74.

75. TCH denies the allegations in paragraph 75 to the extent that they relate to TCH or the former SVPCo and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 75.

76. TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 76, except admits that DT initiated a separate proceeding in this Court against the former SVPCo, Case No. 2:04-CV-85 (DF), which has been consolidated with this action.

77. TCH denies the allegations in paragraph 77 to the extent that they relate to TCH or the former SVPCo and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 77.

78. TCH denies the allegations in paragraph 78 to the extent that they relate to TCH or the former SVPCo and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 78.

79.TCH denies the allegations in paragraph 79 to the extent that they relate to TCH or the former SVPCo and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 79.

80.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 80, except admits that DT initiated a separate proceeding in this Court against the former SVPCo, Case No. 2:04-CV-85 (DF), which has been consolidated with this action.

81.TCH denies the allegations in paragraph 81 to the extent that they relate to TCH or the former SVPCo and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 81.

82.TCH denies the allegations in paragraph 82 to the extent that they relate to TCH or the former SVPCo and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 82.

83.TCH denies the allegations in paragraph 83 to the extent that they relate to TCH or the former SVPCo and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 83.

84.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 84.

85.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 85.

86.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 86.

87.TCH denies the allegations in paragraph 87 to the extent that they relate to TCH or the former SVPCo and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 87.

88.TCH denies the allegations in paragraph 88 to the extent that they relate to TCH or the former SVPCo and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 88.

89.TCH denies the allegations in paragraph 89 to the extent that they relate to TCH or the former SVPCo and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 89.

90.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 90.

91.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 91.

92.TCH denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 92.

SECOND DEFENSE
(IMPROPER VENUE)

93.Pursuant to 28 U.S.C. § 1400 and 28 U.S.C. § 1391(c), venue is not proper in this District because TCH maintains no contacts with the Eastern District of Texas.

THIRD DEFENSE
(Noninfringement)

94.TCH has not infringed and is not infringing (either directly, contributorily, or by inducement) any claim of the ‘988, ‘137, ‘007 or ‘868 patent, either literally or by application of the doctrine of equivalents.

FOURTH DEFENSE
(Prosecution History Estoppel)

95.By reasons of the prior art and/or statements and representations made to and by the United States Patent and Trademark Office ("USPTO") during the prosecution of the applications that led to the issuance of the '988, '137, '007 and '868 patents, these patents are so limited that none of their claims can be construed as covering any activity, service or product of TCH.

FIFTH DEFENSE
(Invalidity)

96.Each and every claim of the '988, '137, '007 and '868 patents is invalid and void for failure to meet the requirement of Title 35, United States Code, including, but not limited to, one or more of Sections 101, 102, 103 and 112 thereof.

SIXTH DEFENSE
(Unenforceability)

97.On information and belief, and subject to further amendments as TCH obtains more information during discovery, the '988 and '137 patents are unenforceable as a result of inequitable conduct in their procurement because, on information and belief, the duty of candor and good faith in dealing with the USPTO was violated in that material misrepresentations were made to the Examiner of the USPTO with an intent to deceive him. Those material misrepresentations include, but are not limited to, statements concerning United States Patent No. 4,264,808 (the "'808 patent").

98.The named inventor, purported assignee, DT, its predecessor in interest, and/or other persons associated with the filing and prosecution of the application which led to the issuance of the ‘988 patent intentionally misstated in their Petition to Make Special and Accelerate Examination Under 37 C.F.R. Section 1.102(d), submitted to the Examiner on October 23, 1998, that the ‘808 patent “does not teach or disclose a communication network for the transmission of data within or between one or more data access subsystems and at least one data processing subsystem.” In fact, such a communication network is taught and disclosed in the ‘808 patent. The intentional misstatement was material to the prosecution of the ‘988 patent.

99.The named inventor, purported assignee, DT, its predecessor in interest, and/or other persons associated with the filing and prosecution of the application which led to the issuance of the ‘137 patent intentionally misstated in their Petition to Make Special and Accelerate Examination Under 37 C.F.R. Section 1.102(d), submitted to the Examiner on February 16, 1999, that the ‘808 patent “does not teach or disclose a communication network for the transmission of transactional data within or between one or more data access subsystems and at least one data processing subsystem.” In fact, such a communication network is taught and disclosed in the ‘808 patent. The intentional misstatement was material to the prosecution of the ‘137 patent.

100.On information and belief, and subject to further amendments as TCH obtains more information during discovery, the ‘988 patent is also unenforceable as a result of inequitable conduct in its procurement because, on information and belief, the duty of candor and good faith in dealing with the USPTO was violated in that material information known to the named inventor, the purported assignee, DT, its predecessors in interest, and/or other persons associated with the filing and prosecution of the application which led to the issuance of the ‘988 patent was intentionally not disclosed to the USPTO with an intent to deceive it. This material includes, but is not limited to, prior art references disclosed in the Petition to Make Special and Accelerate Examination Under 37 C.F.R. Section 1.1.02(d), submitted on February 16, 1999, and an information disclosure statement, dated May 17, 1999, which were submitted during prosecution of the '137 patent. More specifically, the Petition to Make Special and Accelerate Examination Under 37 C.F.R. 1.102(d) includes U.S. Patent No. 5,484,988, issued on January 16, 1996, to Hills et al., which is a prior art reference material to the patentability of the '988 patent. The information disclosure statement also includes prior art references material to the patentability of the '988 patent—namely: (1) U.S. Patent No. 4,858,121 issued on August 15, 1989, to Barber et al., and (2) U.S. Patent No. 5,326,959, issued on July 5, 1994, to Perazza.

101.On information and belief, and subject to further amendments as TCH obtains more information during discovery, the '137 patent is also unenforceable as a result of inequitable conduct during its procurement because, on information and belief, the duty of candor and good faith in dealing with the USPTO was violated in that material information known to the named inventor, the purported assignee, DT, its predecessors in interest, and/or other persons associated with the filing and prosecution of the application which led to the issuance of the '137 patent, was intentionally not disclosed to the USPTO with an intent to deceive it. This material includes, but is not limited to, prior art references disclosed in a communication from the USPTO, dated December 29, 1998, during prosecution of the '988 patent, which are material to the patentability of the '137 patent—namely: (1) U.S. Patent No. 4,500,750 issued on February 19, 1985, to Elander et al.; (2) U.S. Patent No. 4,578,530 issued on March 25, 1986, to Zeidler; and (3) U.S. Patent No. 4,912,762 issued on March 27, 1990, to Lee et al.

102.On information and belief, and subject to further amendments as TCH obtains more information during discovery, the ‘137 patent is also unenforceable as a result of inequitable conduct in its procurement because, on information and belief, the duty of candor and good faith in dealing with the USPTO was violated in that material misrepresentations were made to the Examiner of the USPTO with an intent to deceive him. These material misrepresentations include, but are not limited to, statements concerning U.S. Patent No. 5,506,691 made by the applicant’s representative in the Petition to Make Special and Accelerate Examination Under 37 C.F.R. Section 1.102(d), submitted on February 16, 1999, in its ‘137 patent application. On information and belief, the named inventor, the purported assignee, DT, its predecessors in interest, and/or other persons associated with the filing and prosecutions of the applications that led to the issuance of the ‘988 and ‘137 patents knowingly mischaracterized U.S. Patent No. 5,506,691 with an intent to deceive the USPTO.

SEVENTH DEFENSE
(Failure To State A Claim)

103.The Complaint fails to state a claim upon which relief may be granted against TCH or the former SVPCo.

EIGHTH DEFENSE
(Lack of Standing)

104.DT has no standing to assert claims of infringement with respect to at least the ‘988 and/or the ‘137 patents because DT is not the owner of those patents.

COUNTERCLAIMS

For it counterclaims, The Clearing House Payments Company L.L.C. (“TCH”) alleges as follows:

FIRST COUNTERCLAIM
(Declaratory Judgment Of Noninfringement)

105.TCH realleges and incorporates by reference herein the allegations of paragraphs 1-104 above.

106.TCH seeks declaratory and further relief pursuant to 28 U.S.C. §§ 2201 and 2202 and a judicial declaration as to noninfringement, invalidity and unenforceability. This Court has original jurisdiction over TCH's counterclaims under 28 U.S.C. §§ 1331, 1338 (a) and (b) and 1367.

107.Venue is proper in this District under 28 U.S.C. § 1391 because DT maintains its principal place of business in this District.

108.TCH has not infringed and is not infringing (either directly, contributorily, or by inducement) any claim of the '988, '137, '007 or '868 patent, either literally or by application of the doctrine of equivalents.

SECOND COUNTERCLAIM
(Declaratory Judgment Of Invalidity)

109.TCH realleges and incorporates by reference the allegations of paragraphs 1-108 above.

110.The ''988, '137, '007 and '868 patents are void and invalid for failure to comply with the requirements of Title 35, United States Code, including, but not limited to Sections 101, 102, 103, and 112 and the rules, regulations and laws pertaining thereto.

THIRD COUNTERCLAIM
(Declaratory Judgment Of Unenforceability)

111.TCH realleges and incorporates by reference the allegations of paragraphs 1-110 above.

112.The claims of the '988 patent and the '137 patent are unenforceable for the reasons set forth in the Sixth Defense above.

113.On information and belief, DT has asserted the '988, '137, '868 and/or the '007 patents against TCH knowing that the '988, '137, '868 and/or the '007 patents are invalid and unenforceable and having no reasonable basis for claiming infringement of any or all of the '988, '137, '868 and/or the '007 patent, making this an exceptional case within the meaning of 35 U.S.C. § 285.

PRAYER FOR RELIEF

WHEREFORE, TCH prays that this Court enter judgment:

(a)Dismissing DT's First Amended Complaint with prejudice as to TCH and the former SVPCo;

(b)Declaring United States Patent Nos. 5,910,988 (the "'988 patent"), 6,032,137 (the "'137 patent"), 5,717,868 (the "'868 patent") and 5,265,007 (the "'007 patent") invalid and/or unenforceable;

(c)Declaring that neither TCH nor the former SVPCo has infringed the '988, '137 patent, '868 or '007 patents;

(d)Awarding TCH its costs in this action and its reasonable attorney fees; and

(e)Granting TCH such further relief as may be just and proper.

Dated: January 12, 2007

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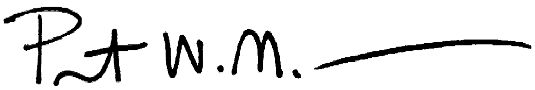
Attorneys for The Clearing House Payments Company L.L.C.

CERTIFICATE OF SERVICE

I hereby certify that all counsel of record are being served this 12th day of January, 2007, with a copy of the foregoing via the Court's CM/ECF system per Local Rule CV-5(a)(3).



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